

FY 98 DCMC BUSINESS PLAN

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EXECUTIVE SUMMARY

The Government Performance and Results Act (GPRA) of 1993, Public Law 103-62, provides for the establishment of strategic planning and performance measurement in the Federal government. The primary intent of the GPRA is to make Federal agencies more responsible and accountable to the public and to the customers they serve in achieving program results. The law requires agencies to establish strategic plans and performance plans and requires them to measure and report actual program performance compared to planned program performance.

The FY 98 DCMC Business Plan improves integration of the top seven and supporting metrics in the Performance Plan and refines our approach to performance measurement and performance budgeting. It also facilitates implementation of Unit Cost Management (UCM). UCM changes in the way we formulate, allocate, execute, and evaluate resource use. This transition focuses our efforts on the linkages between performance and budget.

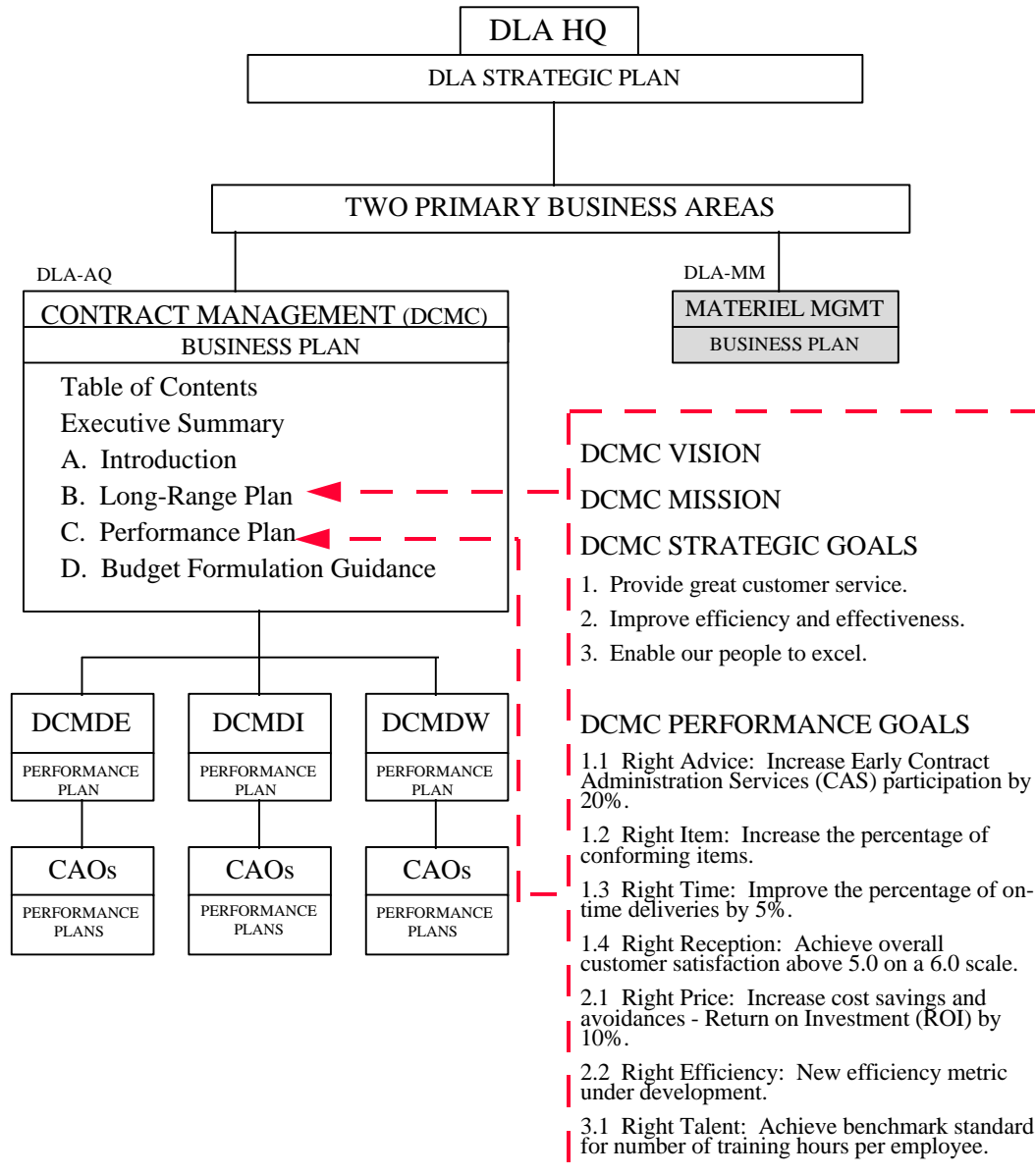
The Long-Range Plan establishes DCMC's vision of the future state of the Command. The Performance Plan establishes what we intend to accomplish each year for our current performance and for our investment in future performance. To make sure that we are properly focused in our efforts, we seek input from our customers and set our performance targets based on what they say is important to them. We track our performance with the Automated Metrics System (AMS). The Monthly Management Reviews (MMRs) are our top level forum for routinely conducting performance reviews.

DCMC's Business Plan sets forth the Command's priorities and direction, thus reinforcing the Commitment: "One Command, One Focus: Customer Focus."

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PART A - INTRODUCTION

The Planning Hierarchy



The diagram on the previous page depicts the DLA Planning Hierarchy beginning with the DLA Headquarters Strategic Plan and ending with the Contract Administration Office (CAO) performance plans. DLA has two primary Business Areas: Contract Management (DLA-AQ) and Materiel Management (DLA-MM). Each of these Business Areas develops a Business Plan which contains strategic goals that support the DLA strategic goals.

About the Business Plan

The DCMC Business Plan is the Command's planning and budgeting document. The Business Plan contains this Introduction, the DCMC Long-Range Plan, the DCMC Performance Plan, and Budget Formulation Guidance. The Long-Range Plan is comprised of the vision, the mission, the strategic goals, an environmental assessment, and the program evaluation approach. The Performance Plan is the heart of the Business Plan in that it identifies the Command's annual plan for achieving its strategic goals. The Performance Plan contains performance goals and tasks. The performance goals are the top seven metrics ("The Rights") (see below). This alignment of the top seven metrics supports DCMC's vision and three strategic goals. The tasks are annual performance improvement targets and investment initiatives that represent the current year's contribution to attainment of the performance goals.

Top Seven Metrics:

- Right Advice: Is It On Point?
- Right Item: Does It Meet Contract Requirements?
- Right Time: Is It Delivered On Time?
- Right Price: Do We Find Cost Savings/Avoidances?
- Right Efficiency: Are We Getting More Affordable?
- Right Reception: Is The Customer Satisfied?
- Right Talent: Are We Prepared?

The Business Plan is developed by the DCMC Planning Team based on input from a variety of sources, e.g., management direction, customer feedback, assessment results, etc., and is approved by the DCMC Executive Council. Inputs to the Plan come from the separate Headquarters staff elements, as supplemented by feedback from the field activities. The Business Plan is deployed and executed Command-wide.

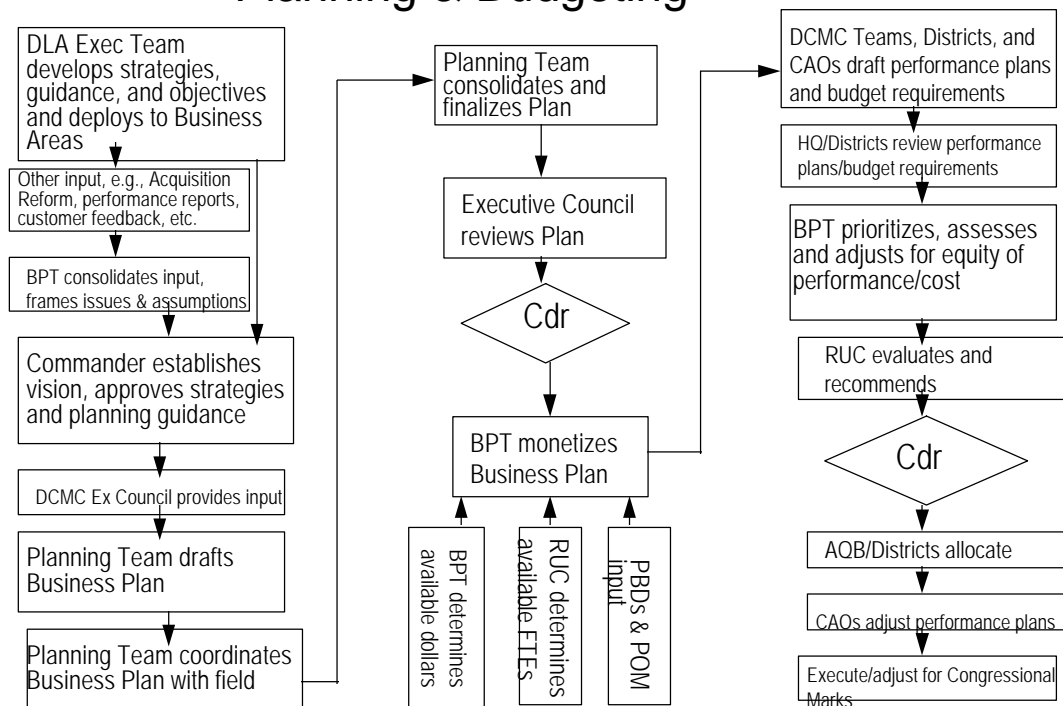
The Business Plan is deployed annually in the March time frame and serves as the budget guidance for the Command. The Headquarters offices and field activities formulate their budget requirements at the performance goal (maintenance) and task (improvement/investment) levels, and they can supplement the DCMC Performance Plan locally at the subtask level. This flexibility is necessary so that the field can incorporate areas for improvement resulting from their Unit Self-Assessment (USA) gap analysis and the Internal Customer Management System (ICMS) and other unique processes and initiatives into their local performance plans. The

DCMC Performance Plan is updated as necessary throughout the year (see Process for Updating the DCMC Performance Plan on pages A-4 and A-5). The Business Plan is located on the DCMC Home Page on the World Wide Web. As the Performance Plan is updated, the home page is also updated. An annual Business Plan brochure is published and distributed Command-wide each fiscal year.

How It All Fits Together

Business planning is part of the DCMC Integrated Management System. The planning and budgeting process (see chart below) flows as follows: the Business Process Team (BPT) consolidates guidance and issues which are provided to the Executive Council. The Council validates the Command's vision and strategic goals and provides planning direction. Based on the direction from senior leadership, the Headquarters process owners develop the short-range strategy (tasks) for inclusion in the Performance Plan. With field participation, the DCMC Planning Team (which is a subteam of the BPT) facilitates the development of the Performance Plan by developing the structure and aligning the contents. The Business Plan is reviewed and monetized by the Resource Utilization Council (RUC). It is then presented to the Executive Council and approved by the DCMC Commander. Once approved, the Business Plan is disseminated to the Headquarters offices, Districts, and Contract Administration Offices (CAOs) for performance plan/budget formulation. Performance plans/budgets are reviewed, prioritized, and negotiated with the Districts. Adjusted performance plans/budgets are approved by the Commander (through the RUC) and the funds are allocated as appropriate.

Planning & Budgeting



The status of Performance Plan execution at all levels within the Command is reviewed monthly. Achievement of performance goals and tasks is reported by Headquarters and the Districts at the MMRs (see Basis for Comparison below). An annual performance report on overall Performance Plan achievement, as required by the GPRA, is prepared at the close of the fiscal year.

Basis for Comparison (Actual vs. Planned)

Means of Comparison (Target vs. Actual): DCMC's top seven and supporting metrics are tracked using the Automated Metrics System (AMS) and the Performance Labor Accounting System (PLAS). The data contained in the AMS and PLAS is extracted and analyzed on a monthly basis at all levels within the Command. Targets are compared to the actual data and, as mentioned above, the results are reported to the DCMC Commander at the MMRs. In cases where targets are not being met, corrective action plans are developed and implemented as appropriate at all levels of the organization. The Headquarters plans are monitored using the DCMC Initiatives Tracking System (ITS). Field initiatives are tracked via individual field-level corrective action plans. The status of all initiatives and corrective action plans is also briefed at the MMRs.

Process for Updating the DCMC Performance Plan

DCMC's annual Performance Plan is a "living" document that must be continually updated to keep pace with changes that occur in the Command's internal and external environments. Since the Performance Plan serves as the focus of the MMRs, the accuracy and timeliness of reporting is dependent upon the Plan reflecting the most up-to-date information.

All changes to the Performance Plan, regardless of their origin, must be submitted to the Planning and Programming Team (AQBD). AQBD maintains configuration control over the Plan. All changes to the Plan are subject to final approval by the DCMC Executive Council. Changes to the current year's Plan can be submitted to AQBD at any time during that Plan's execution.

An official updated Performance Plan is published as necessary at least once every three months (quarterly). The updated Plans are disseminated under a cover memorandum signed by AQB and are accompanied by a change sheet summarizing the changes that were made. The updated Plans are also posted to the DCMC Home Page on the World Wide Web.

Recommendations for changes to the Performance Plan can originate within the Headquarters or in the field:

1. The Headquarters performance goal and/or task owners are charged with updating as necessary the parts of the Plan for which they are responsible (subject to concurrence by the respective Executive Director (AQB, AQO, AQI, or AQAC)).

2. The District and CAO staffs can recommend changes and/or request clarifications as follows (subject to concurrence by the respective District Commander):

- Changes in Performance Plan structure and information standards should be submitted through the District Planning Team representatives.
- Changes in functional (operational or business) content can be submitted through the following vehicles:
 - Functional channels (i.e., from the CAO process champion through the District process champion to the Headquarters process owner).
 - The MMR process (i.e., from District Commanders to the Headquarters staff).
 - Other established forums, such as the Business Process Team or Operations Chiefs meetings.
- Changes in functional content should be coordinated with the District Planning Team representatives for informational purposes.

3. All changes in functional content are subject to concurrence by the respective Headquarters Executive Director (AQB, AQO, AQI, or AQAC).

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PART B - DCMC LONG-RANGE PLAN

The DCMC Long-Range Plan contains the Command's vision, mission, and strategic goals. It contains an assessment of DCMC's future operating environment. In accordance with the GPRA, it also includes a description of the program evaluation methodology used by DCMC.

Vision

DCMC people, teaming to provide world class contract management services--now and into the 21st century.

Mission

Provide customer focused contract management services--throughout the acquisition life cycle--around the clock, around the world.

Strategic Goals

1. Deliver great customer service.
2. Lead the way to efficient and effective business processes.
3. Enable DCMC people to excel.

Environmental Assessment

- Acquisition Environment of the Department of Defense (DoD):

Overall funding for Defense programs will continue to be scrutinized. Balancing the budget will force cuts in Defense spending. As a result, Defense spending overall is declining and could go down more. DoD components will be driven to operate more affordably. The Quadrennial Defense Review (QDR) mandates a reduction in costs/personnel. However, DoD will build to an ongoing procurement budget of about \$60B per year. In addition, the effects of acquisition workforce reductions and legislative reform will impact the acquisition process. If BRAC and Acquisition Reform do not result in savings, the pressure on acquisition budgets will intensify. Other factors impacting the acquisition environment of DoD include outsourcing, privatization, and industry consolidation.

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- Strategic Themes Identified in the Defense Planning Guidance:

Priorities remain readiness and sustainability, modernization, force structure, and Defense support infrastructure. *Reform Acquisition processes* with emphasis on: buying best value, using commercial practices, employing Integrated Product and Process Teams, streamlining and improving efficiency, using commercially available technologies, outsourcing/privatizing, and logistics sustainment (total ownership costs). *Recapitalize and modernize* to: build to an ongoing procurement budget of about \$60B per year and fund this budget through savings from Acquisition Reform and reducing infrastructure. The components of recapitalization and modernization include: inject new technologies into existing systems, field modernized replacement systems where opportunity exists for substantial warfighting capability gains, introduce new systems where there is no like item in inventory, and preserve a production base able to sustain existing technologies in current systems well beyond present service life expectations. *Reduce system life cycle costs* by: considering total costs (logistics, operations, etc.) in the design phase, maximizing joint development and interoperability, exploiting commercial technology, and maximizing the smart use of modeling and simulation.

- Customer Focus in the Future:

Within this context, DCMC's customers will be focused on the following: Areas key to program success will be affordability, jointness, and precision, technology leveraging, and streamlined acquisition procedures. The Services will be supporting lean design and manufacturing practices which reduce the number and complexity of weapon system components and collaborative virtual prototyping and other simulation techniques. Performance-based contracting will increase with more focus and definition on what is required rather than government control over how products are produced. To meet both cost and performance targets, increased use of commercial items will be evident. The Services are opting for more commercial vice government life cycle management of weapons systems. There will be more privatizing of traditional government Inventory Control Point (ICP), Maintenance, and Depot functions and ICPs will be using more long-term contracts. There will also be increased outsourcing of traditional government activities and a corresponding reduction in the numbers and expertise of in-house Military Service acquisition and technical personnel. Expanded use of service contracts will be employed for broad areas of support.

- Industry Strategies to Succeed in the Future DoD Acquisition Environment:

Industry will continue to focus corporate strategies on seeking higher leverage and more business within targeted Defense sectors. Consolidation will be focused on subcontractors and smaller prime contractors. There will be more vertical integration. Industry will seek more commercial control of product design, manufacture, and life cycle sustainment. They will develop flexible and agile corporate strategies that reduce overhead, shorten new product

introduction, and grow/maintain market share. Industry will also employ a multi-national approach to military sales and associated support, i.e., subcontractors in emerging countries or buy or invest internationally. Modeling and simulation capabilities are key to defining total weapon system requirements.

Program Evaluation

Since the FY 94 Business Plan DCMC has been striving to identify the best measures for our programs. Throughout DCMC today, more employees understand and are able to distinguish between program outcome measures which mark progress toward strategic goals and the input/output measures necessary for daily management of our functional operations. We are weighing the value of our programs in both dollars and performance across our projected six-year budget (present year plus five years) in the DoD Program Objectives Memorandum (POM) preparation process. We are also routinely reviewing the progress in executing our budget dollars and monitoring our operational and business performance at DCMC's MMRs.